

nical manual that he gave us with the equipment, and try to determine the stock number. Frequently the only source available, therefore, is the prime manufacturer himself. Sometimes he will give us a vendor number, in which case we can check it through Battle Creek, Mich., and go to that source, and buy without paying the overhead cost of the prime who produced the end item.

The problem is, there are just millions of items on which we cannot possibly expect to maintain this kind of complete knowledge.

Mrs. GRIFFITHS. Why not? What is wrong with maintaining it?

Mr. MORRIS. Well—

MAINTAINING PRICES WITH COMPUTERS

Mrs. GRIFFITHS. We have all these nice computers, and a whole bunch of people standing around in the Defense Department. Why don't you put them to work?

Mr. MORRIS. Mrs. Griffiths, we think our people work pretty hard. We estimate to do a theoretically perfect job on every small purchase item would take another 10,000 people. We just could not justify the cost. We could not possibly save enough to pay for their salaries.

Mrs. GRIFFITHS. If you put them to work, and you found it out once, and put it on those computers, I don't think you would have any trouble at all maintaining it. And, believe me, if you saved a billion dollars, you could put 10,000 people to work.

\$25 MILLION POSSIBLE SAVINGS ON SMALL ITEMS

Mr. MORRIS. We estimate we can save possibly \$25 million in this particular small purchase area we are talking about—\$25 million. It would cost us at least \$60 million to put enough people on the payroll to check out every possible small buy that could occur over the life cycle of a given piece of hardware.

TOTAL PACKAGE PROCUREMENT

Mrs. GRIFFITHS. I think that you underestimate the amount of money you can save.

I would like to ask you, on this total package procurement—in fact, how much money is involved in total package procurement?

Mr. MALLOY. Mrs. Griffiths, if I may, the total package procurement concept is a new procurement technique that is just now coming into use. The first use of that type of procurement was on the Air Force large purchase of the C-5-A transport, which is about a billion-dollar program in total for over a hundred of those large airplanes.

There were perhaps up to a dozen other large systems—always very large procurements—that used this technique.

The Navy's procurement, for example, of their FDL ships, the fast deployment logistic ships, which did not go through to fruition because of funding problems, was set up on the total package procurement concept.

Mrs. GRIFFITHS. Now, does this mean that the contractor supplies the specifications, then finally bids on the item—or is the person who makes the item; is that right?